

PRESIDENT'S OFFICE, N. C. RAIL ROAD COMPANY,
Company Shops, N. C., October 20th, 1869.

To the Stockholders of the N. C. Rail Road Company :

GENTLEMEN :—I respectfully call your attention to the following contract entered into by this Company with the Raleigh & Gaston Rail Road Company, and others.

I believe the contract will be very advantageous to the individual stockholders and to the State—but as to this you will decide for yourselves. I am satisfied that your stock, after this contract is known to be a fixed fact, will go up to seventy cents in the dollar. It has already reached fifty upon the mere report of such a contract having been made. Vote against the contract and your stock will immediately return to the old standard, 25 cents in the dollar. The uncertainty attending the administration of this Road, by frequent changes as to its officers, has always been its greatest drawback, and will continue so as long as it remains as now, and we have political parties in the State. I believe it impossible to do better with your road than to accept this contract. I have worked for your road and done the best I could with it since it has been committed to my care, and will leave it with the belief that I have done my whole duty to promote the interest of its stockholders.

Your obedient servant,

W. A. SMITH, President.

WHEREAS, It is provided by the nineteenth section of the Charter of "the North Carolina Rail Road Company," that the said Company may, when they see fit, farm out their right of transportation over said road, subject to the rules above mentioned ; and the said Company and every person who may

have received from them the right of transportation of goods, wares and prodnce, shall be deemed and taken to be a common carrier, as respects all goods, wares, produce and merchandize entrusted to them for transportation ;” and whereas, it is deemed by said Company to be to its advantage to so “ farm out ” their right, &c.

Now therefore, these presents witnesseth, That the said “ The North Carolina Rail Road Company ” of the first part, for and in consideration of the several sums of money, covenants and agreements hereinafter specified, and contained on the part of the party hereinafter named, to be paid, kept and performed, hath demised, let, hired, “ farmed out ” and delivered, and by these presents doth demise, let, hire, “ farm out,” and deliver unto “ The *Raleigh and Gaston Rail Road Company*,” party of the second part, its Rail Road, including its superstructure, road-bed and right of way incident thereto, situate in the State of North North Carolina and leading from the Town of Goldsboro’, in the County of Wayne, to the Town of Charlotte, in the County of Mecklenburg, in said State, and also, all the depots, houses, shops, buildings, fixtures, engines, cars and all other things of whatsoever kind or nature, to the said Company belonging and appertaining, necessary and incident to the free, easy and convenient operation and use of said Road, and used in that behalf now and heretofore, for the term of twenty years from and next after the day of, A. D., 18..

And for and in consideration of such hiring, letting, “ farming out,” and delivery of said Rail Road, including the road-bed, superstructure, right of way, depots, houses, shops, buildings, fixtures, engines, cars and other things incident belonging and pertaining thereto, the said party of the second part doth covenant with and oblige itself unto the said party of the first part, to pay unto the said party of the first part, annually the sum of *Two Hundred and Forty Thousand Dollars*, to be paid on the first day of January in each and every year of said term, at “ The Raleigh National Bank of North Carolina ;”

and to secure the prompt and faithful payment of the said several sums of money so agreed to be paid annually, the said party of the second part, doth covenant with and oblige itself unto the said party of the first part, to deposit and keep on deposit in such bank or banks as may be safe, in the City of Raleigh, from year to year, and all the time pending said term the sum of *Two Hundred and Forty Thousand Dollars* in cash, or its equivalent at all times, in United States Bonds or Rail Road Company Bonds, or other acceptable Bonds, which said sum of money or its such equivalent, may be applied by the said party of the first part to the satisfaction and discharge of any such sum of money so annually due and remaining unraid ; and in case of any such last named application of such deposit, then to renew the same from time to time as often as such application of any such deposit may become necessary.

And for the consideration aforesaid, the said party of the second part doth covenant with and oblige itself unto the said party of the first part, to keep the said Railroad, road-bed, superstructure, depots, buildings, houses, shops, engines, cars, fixtures and other property of every kind and every part thereof, so hired, let, "farmed out," and delivered, in like good condition and repair as when so delivered to it ; or to keep in the place of the same, like things of like good quality and substance and in like good condition and repair : and to return at the end of said term of twenty years, or at the end of said term, to the said party of the first part, the said Rail Road, road-bed, superstructure, said depots, houses, buildings, shops, engines, cars, fixtures and other property, and all and every part thereof, in like good condition and repair as when so delivered to said party of the second part ; or other property and any part of said property shall be worn out, destroyed or abandoned, as good in quality and substance and in like good order and repair ; and for the faithful keeping and performance of the covenant and obligation last aforesaid, the said party of the second part doth covenant with and oblige itself unto the party of the first part to execute to the said party of the first

part, a bond good and sufficient at all times in the ability of its makers to pay, in the sum of *Two Hundred and Forty Thousand Dollars*, conditioned for the faithful keeping and performance of said last named covenant.

And for the consideration aforesaid the said party of the second part, doth covenant with and oblige itself unto the said party of the first part, that the said party of the second part will not at any time during said term, fix or establish the rates of freight called "Local Freight," at a higher price or rate from Station to Station than the printed rate for "Local Freight" tariff as fixed and established by said party of the first part on the first day of September, A. D., 1869: and the local passenger fare shall not exceed the present local rates.

And for the consideration aforesaid, the said party of the second part doth covenant with and oblige itself unto the said party of the first part, to indemnify and to save harmless the said party of the first part against and from any and all damages which may be recovered from or against it according to law, by reason of any failure of the said party of the second part to perform in all things its duties and obligations as a common carrier, whereby the said party of the first part may become liable in law to any party, injured or sustaining injury in his or her person or property:

And the said party of the first part for the considerations aforesaid, doth covenant with and oblige itself unto the said party of the second part, that its Stockholders and Directors will not do anything or take any action as such Stockholders and Directors, that may or can interfere in any way whatever, with the free use and operation and convenience of the said Rail Road and other property so hired, let, "farmed out" and delivered, by the said party of the second part according to the terms and intent of these presents:

It is agreed by and between the said parties, that if the said party of the second part shall fail to keep and perform any of the covenants hereinbefore provided, that the said leasing, hiring, letting, and "farming out," and said term,

shall at once determine and close, and the said party of the first part may forthwith enter upon and take possession of said Rail Road and said other property of every kind whatsoever: *Provided nevertheless*, this stipulation shall not be so construed as to abridge or discharge any of the said covenants which require and provide for the payment of such annual rent, and for the return of the said Rail Road and said other property and every part thereof according to the terms of such covenants, at any termination of said term: *And provided further*, That the same shall be so construed, that the said party of the first part shall be entitled to all the rent due at any termination of said lease, and to have the said Road and other property of every kind, returned as aforesaid to the said party of the first part; or damages for any failure to so return the same not exceeding the sum of Two Hundred and Forty Thousand Dollars.

It is further agreed by and between the said parties that a fair valuation and inventory of said Rail Road, and all and every part and pareel of said other property shall be made and taken at once, by two competent experts, one to be selected by the party of the first part, and the other by the party of the second part, and the valuation and inventory so made and taken shall be final, and that kept and reeognized and acted upon at all times; and annually on the first week of November, a like valuation and inventory shall be made and taken by competent experts so to be chosen, and in case said Rail Road and said other property are not in like good condition and repair as provided in the several covenants aforesaid, then the said party of the second part may have until the first day of January next after such default, so to make good said Rail Road and said other property, and the said party of the first part shall not have the right to alter and take possession of said Rail Road and other property for such default and breach of such covenants until the said first day of January next after such default, and not then on such account if such default in the meantime shall be repaired:

It is further agreed by and between said parties that at any termination of said lease and term, whether by its own limitation or otherwise, the said Rail Road and all the said other property of every kind whatsoever, shall be valued and an inventory thereof taken by competent experts to be selected as aforesaid.

It is further agreed by and between said parties, that if the said lease shall be determined otherwise than by its own limitation, the said party of the first part shall only be entitled to have the rent due at such termination thereof, and to have the said Rail Road and all and every part and parcel of said property so returned to it; or damages for failure so to do, not exceeding the sum of Two Hundred and Forty Thousand Dollars; and indemnity for the loss that the said party then has or may sustain by reason of any default or neglect of the said party of the second part as common carriers :

It is further agreed by and between said parties that the said party of the second part shall not be required to pay any State or other taxes on account of said Rail Road or other property, or any part thereof, exceeding the sum of ten thousand dollars *per annum* during said term ; but the said party of the second part doth covenant with and oblige itself unto the said party of the first part to pay taxes to the said State of North Carolina to a sum not exceeding Ten Thousand Dollars *per annum* during said term, if such and so much taxes shall be lawfully imposed on said Rail Road and other property or any part thereof :

It is further agreed by and between said parties that said party of the second part shall not be required to make good any loss by fire other than the loss or injury from such cause, to the road way, superstructure, cars, engines and depot buildings :

It is further agreed by and between said parties, that the said party of the second part shall have leave to change any shops, tracks, houses and other things in such way as to pro-

note the convenience of shipments of freights, travel and the safety of the Road and said property without charge to the party of the first part :

It is further agreed that this lease shall be executed in duplicate.

